

108TH CONGRESS
2D SESSION

H. R. 5266

To amend the Internal Revenue Code of 1986 to encourage investment in facilities which use woody biomass to produce electricity.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 7, 2004

Mr. McINNIS introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to encourage investment in facilities which use woody biomass to produce electricity.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. CREDIT FOR INVESTMENT IN FACILITIES PRO-**
4 **DUCING ELECTRICITY FROM WOODY BIO-**
5 **MASS.**

6 (a) IN GENERAL.—Subpart E of part IV of sub-
7 chapter A of chapter 1 of the Internal Revenue Code of
8 1986 (relating to rules for computing investment credit)
9 is amended by inserting after section 48 the following new
10 section:

1 **“SEC. 48A. FACILITIES PRODUCING ELECTRICITY FROM**
2 **WOODY BIOMASS.**

3 “(a) IN GENERAL.—For purposes of section 46, the
4 woody biomass technology credit for any taxable year is
5 an amount equal to 20 percent of the basis of qualified
6 woody biomass energy property placed in service during
7 such year.

8 “(b) QUALIFIED WOODY BIOMASS ENERGY PROP-
9 erty.—For purposes of this section, the term ‘qualified
10 woody biomass energy property’ means section 1245 prop-
11 erty—

12 “(1) which is used to produce electricity from
13 woody biomass,

14 “(2) which is placed in service after the date of
15 the enactment of this section, and before January 1,
16 2010,

17 “(3) the original use of which commences with
18 the taxpayer, and

19 “(4) which has a useful life of not less than 5
20 years.

21 “(c) WOODY BIOMASS.—For purposes of this section,
22 the term ‘woody biomass’ means trees and woody plants,
23 including bark, limbs, tops, needles, leaves, stumps, roots
24 and other woody parts and debris, that are by-products
25 of restoration and hazardous fuel reduction treatments,
26 disease and insect infestation management activities, or

1 other management activities that involve removal, manipu-
2 lation, or silvicultural treatment of forests, trees, and
3 woody plants.

4 “(d) SPECIAL RULES.—For purposes of this sec-
5 tion—

6 “(1) CERTAIN PROGRESS EXPENDITURE RULES
7 MADE APPLICABLE.—Rules similar to the rules of
8 subsections (c)(4) and (d) of section 46 (as in effect
9 on the day before the date of the enactment of the
10 Revenue Reconciliation Act of 1990) shall apply for
11 purposes of this section.

12 “(2) PROPERTY FINANCED BY SUBSIDIZED FI-
13 NANCING OR INDUSTRIAL DEVELOPMENT BONDS.—
14 Rules similar to the rules of section 45(b)(3) shall
15 apply for purposes of this section.

16 “(3) NONCOMPLIANCE WITH POLLUTION
17 LAWS.—The term ‘qualified woody biomass energy
18 property’ shall not include any property which is not
19 in compliance with the applicable Federal pollution
20 prevention, control, and permit requirements at any
21 time during the 5-year period beginning on the date
22 such property is placed in service.

23 “(4) DENIAL OF CREDIT FOR PROPERTY RE-
24 CEIVING CERTAIN OTHER FEDERAL ASSISTANCE.—
25 The term ‘qualified woody biomass energy property’

1 shall not include any property if, at any time during
2 the 5-year period beginning on the date such prop-
3 erty is placed in service, any funding is provided
4 with respect to such property under any provision of
5 Federal law.

6 “(5) COORDINATION WITH OTHER CREDITS.—

7 This section shall not apply to any property with re-
8 spect to which the rehabilitation credit under section
9 47, the energy credit under section 48, or any credit
10 under section 45 is allowable unless the taxpayer
11 elects to waive the application of such credit to such
12 property.”.

13 (b) TECHNICAL AMENDMENTS.—

14 (1) Section 46 of such Code (relating to amount
15 of credit) is amended by striking “and” at the end
16 of paragraph (2), by striking the period at the end
17 of paragraph (3) and inserting “, and”, and by add-
18 ing at the end the following new paragraph:

19 “(4) the woody biomass technology credit.”.

20 (2) Section 49(a)(1)(C) of such Code is amend-
21 ed by striking “and” at the end of clause (ii), by
22 striking the period at the end of clause (iii) and in-
23 serting “, and”, and by adding at the end the fol-
24 lowing new clause:

1 “(iv) the portion of the basis of any
2 qualified woody biomass energy property
3 (as defined by section 48A(b)).”.

4 (3) The table of sections for subpart E of part
5 IV of subchapter A of chapter 1 of such Code is
6 amended by inserting after the item relating to sec-
7 tion 48 the following new item:

“Sec. 48A. Facilities producing electricity from woody biomass.”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to periods after December 31,
10 2004, under rules similar to the rules of section 48(m)
11 of the Internal Revenue Code of 1986 (as in effect on the
12 day before the date of the enactment of the Revenue Rec-
13 onciliation Act of 1990).

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